



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY**

**33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the October 6, 2016 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: John Fitzgerald, Diahann Goode, Alexis Herrera, Andrew Jatico, Bill Kouruklis (arrived during item 3A); Patrick McFadden, Joseph Nevius, Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Policy Advisor; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Senior Benefits Manager; Brenda Deming, Director, Health Benefits; Beverly Romanini, Office Manager; Courtney Hollins, Communications Manager

Others Present: Calvin Pittman, Sheriff's Department

Trustee Herrera, President, opened the meeting for public comment. Calvin Pittman, an employee with the Sheriff's Department, addressed the Board and inquired about his application for ordinary disability benefits. He stated that he was disabled due to a car accident, had no income and did not qualify for social services because he was still employed by the County. Trustee Herrera stated that Mr. Pittman had not been yet approved to receive disability benefits because he did not repay the Alternative Retirement Cancellation Payment ("ARCP") he received that was due when he returned to County service. She added that the Board would take Mr. Pittman's comments under advisement when it considered the ARCP matter later in the meeting.

1. Review and Consideration of:

a. September 1, 2016 Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Nevius that the minutes of the September 1, 2016 Board meeting be adopted

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

b. Executive Session Meeting Minutes

Trustee Herrera stated that the Board's consideration of the proposed Executive Session Meeting Minutes would be deferred to later in the meeting.

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee McFadden and seconded by Trustee Fitzgerald that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records and having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the payments be ratified.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Jatico, McFadden, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Nevius, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Jatico, McFadden, Nevius, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and

processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Jatico, McFadden, Nevius, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Trustee Matters

a. Status Report from Independent Election Administrator

Brent Lewandowski, Senior Benefits Manager, stated that the Independent Election Administrator (“IEA”) provided a letter dated September 23, 2016, reporting on the status of the trustee elections scheduled for October 26, 2016. The deadline for filing nominating petitions was September 9, 2016. He added that there will be elections for a County employee member, a County annuitant member and a Forest Preserve annuitant member. Mr. Lewandowski stated that there had been a challenge to the petition filed by a candidate for the County employee member position. The IEA conducted a hearing on the challenge and concluded that the proposed candidate could remain on the ballot. Nickol Hackett, Executive Director and CIO, stated that there were privacy issues raised about the information the candidates were required to obtain from those persons who signed the petitions pursuant to the election rules. The issue should be considered when the election rules are annually reviewed.

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the IEA report be received and filed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

4. Health Benefit Matters

a. Open Enrollment Update

Brenda Deming, Director of Health Benefits, summarized what was planned for the Open Enrollment meetings which were to begin in late October. She stated that the meetings were to be held at four separate venues at different locations throughout Cook County. She added that SilverScripts, along with CVS, would be present at each location to answer members’ questions regarding the new Medicare Employer Group Waiver Plan (“EGWP”) that is to begin effective January 1, 2017. There would be a focus on fitness, including lung health, by various vendors. Ms. Deming reported that the costs for the Open Enrollment meetings were running well under the proposed budget due to the choice of cost-effective venues and the use of wellness dollars from UnitedHealthcare, as provided by their current agreement with the Fund, for the onsite booths.

b. EGWP Update

Ms. Deming also reported on the status of the implementation of the EGWP program. She stated that information about EGWP was sent to the members on September 15, 2016. Relatively few calls were received from the members about EGWP and most of those members were seeking confirmation about the materials received. Silverscripts, the EGWP administrator, opened a phone line and website for Fund members with questions about the program on October 5, 2016. EGWP requires that affected members have the opportunity to ‘opt out’ from the program and those materials will be sent to the members on October 15, 2016.

5. Review and Consideration of September 22, 2016 Investment Committee Recommendations

The Executive Director stated that the Fund had been informed that NCM Capital, a County Fund investment manager for fixed income strategies, was in the process of winding down its business and had agreed to transfer its operations to Piedmont Investment Advisors. The team responsible for County Fund assets at NCM would have the same responsibilities at Piedmont. The County Fund has been asked to consent to the assignment of the NCM Investment Manager Agreement to Piedmont. She reported that the Investment Committee considered the matter at their meeting on September 22, 2016, and recommended that the Board agree to the assignment.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adopt the recommendation made by the Investment Committee at the meeting on September 22, 2016, to provide a written approval of the assignment of the Investment Manager Agreement with NCM Capital to Piedmont Investment Advisors and that the Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written materials or agreements on behalf of the Fund.

The Executive Director stated that the Board would consider the recommendation made by the Investment Committee regarding the retention of Herndon Capital Management during the Executive Session to be convened later in the meeting.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

6. Other Benefit Matters

a. ARCP Plan Recommendations

The Executive Director stated that the consideration of the Alternative Retirement Cancellation Payments matter would be deferred for consideration during the Executive Session to be convened later in the meeting.

b. Ordinary Disability Member Return to Service

Gary LeDonne, Senior Policy Advisor, stated that the member identified by Office #129428, had been approved for Ordinary Disability benefits from January 24, 2015 through June 26, 2015, but that the Board had denied him a continuation of those benefits because he had been terminated by the employer. The Board directed the Fund staff to prepare a complaint

for a declaratory judgment to address whether the member was eligible for a continuation of disability benefits after separation from County service. The draft complaint was prepared for the Board's consideration, but was not filed.

The Fund has now been informed that the member's termination has been rescinded and that he has been reinstated to County service retroactive to his termination date of June 26, 2015. Mr. LeDonne stated that the member is now eligible for a continuation of Ordinary Disability benefits and confirmed that staff followed the Fund's procedures in reviewing and processing the member's application. Mr. LeDonne added that because there are no issues in dispute, the Fund should not proceed with the declaratory judgment.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the member identified by Office #129428 is eligible for ordinary disability benefits from June 26, 2015 through November 29, 2016 at a rate of \$118.89 per day in accordance with the medical documentation received.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Jatico, Kouruklis, McFadden, Nevius, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Goode and seconded by Trustee Nevius pursuant to Section 2(c)(7), 2(c)(11) and Section 2(c)(21) of the Open Meetings Act that the Board convene an Executive Session to discuss the certain investment transactions, litigation matters and the presented Executive Session Minutes.

Roll Call Vote:

AYES: Goode, Fitzgerald, Herrera, Jatico, Kouruklis, McFadden, Nevius, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board adjourn the Executive Session convened pursuant to Sections 2(c)(7), 2(c)(11) and 2(c)(21) of the Open Meetings Act and return to open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

The Board, upon return to open session following the adjournment of the Executive Session convened pursuant to the Open Meetings Act to consider various matters, preceded as follows:

Executive Session Minutes

It was moved by Trustee McFadden and seconded by Trustee Kouruklis pursuant to Section 2.06 of the Open Meetings Act and as is consistent with the advice of Fund counsel, that:

- The minutes of the Executive Sessions convened during the following Board meetings be

approved and opened: January 10, 2013; May 2, 2013; August 1, 2013; September 5, 2013; November 6, 2014; April 2, 2015 and October 1, 2015; and

- The minutes of the Executive Sessions convened during the following Investment Committee meetings be approved and opened: May 24, 2012; November 21, 2013 and April 22, 2014; and
- The minutes of the Executive Session convened during the Legislative Committee meeting on February 11, 2015, be approved and opened; and
- The minutes of the Executive Sessions convened during the following Board meetings be approved and remain closed: April 3, 2014; May 7, 2014; July 9, 2015 and April 7, 2016; and
- The verbatim recordings of the Executive Sessions convened during the following Board meetings may be destroyed: January 10, 2013; May 2, 2013; August 1, 2013; September 5, 2013; April 3, 2014; May 7, 2014 and November 6, 2014; and
- The verbatim recordings of the Executive Sessions convened during the following Investment Committee meetings may be destroyed: May 24, 2012; November 21, 2013 and April 22, 2014; and
- The verbatim recording of the Executive Session convened during the Legislative Committee meeting on February 11, 2015 may be destroyed.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

ARCP Matters

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the Board find that the member identified by office #145302 is eligible for ordinary disability benefits from July 1, 2016 through September 20, 2016 at a rate of \$82.06 per day, but that the payment of such disability benefits be first offset against the repayment of the ARCP bonus, including interest, due from the member to the Fund pursuant to Section 134.5 (e) of the Pension Code.

Roll Call Vote:

AYES: Goode, Fitzgerald, Jatico, Kouruklis, McFadden, Nevius, Wilson
NAYS: Herrera

Vote Result: MOTION ADOPTED

It was moved by Trustee Fitzgerald and seconded by Trustee Nevius that the recommendations made by Fund counsel and staff to collect the repayment of ARCP bonuses from members who returned to County service be adopted, except that a member with an outstanding ARCP payment may be eligible for disability benefits, but that the payment of any such disability benefit would be first offset against the repayment of any ARCP bonus, including interest, due from the member to the Fund pursuant to Section 134.5 of the Pension Code.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

Herndon Capital Management

It was moved by Trustee Wilson and seconded by Trustee Fitzgerald that the Board adopt the recommendation made by the consultant to fully terminate the Investment Manager Agreement with Herndon Capital Management's Large Cap Value mandate with the County Fund and that the proceeds be transferred to the Rhumbline S&P 500 Index account pending further structural review of domestic equity rebalancing. It is further moved that the Executive Director and Fund staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written materials or agreements on behalf of the Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

7. Old Business/New Business

The Board discussed the status of the pending RFP for a consultant to assist in the procurement of a new pension administration system. The Executive Director stated that about 45 entities had expressed an interest in reviewing the RFP. The Fund would do an assessment and pre-qualification of all respondents and would invite the most qualified to make presentations to the Board. The Fund would make the names of all respondents available to the Board.

8. Adjournment

There being no further business before the Board, it was moved by Trustee Goode and seconded by Trustee McFadden that the trustees adjourn the meeting.

The next Board meeting is scheduled for November 3, 2016, at 9:30 a.m.